RICHARD B. BELZER
PO BOX 319
MOUNT VERNON, VA 22121

rbbelzer@post.harvard.edu

January 14, 2011

Director of the United States Patent and Trademark Office
P.O. Box 1450
Mail Stop Interference
Alexandria, VA 22313–1450
ATTN: APJ Linda Horner, BPAI Rules
Delivered by email to BPAI.Rules@uspto.gov

U.S. Patent and Trademark Office
Mail Stop USPTO Contact Center (UCC)
ATTN: Data Quality
P.O. Box 1450 Alexandria, VA 22313-1450
Delivered by email to usptoinfo@uspto.gov (Subject Line: "Data Quality")

cc:

David Kappos, Director
David.Kappos@uspto.gov

Bernard Knight, General Counsel
Bernard.Knight@uspto.gov

Stuart Graham, Chief Economist
Stuart.Graham@uspto.gov

Public Comment on Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals; Notice of Proposed Rulemaking (RIN 0651–AC37; Docket ID PTO–P–2009–002, ICR Reference Number 201010-0651-001, 75 FR 69,828)

Error Correction Request submitted pursuant to USPTO's Information Quality Guidelines

This paper consists of a public comment on the above-referenced Paperwork Reduction Act 60-day notice and a formal request for correction of certain information therein. In Section I, I outline the scope of my comments, with particular respect to the domain of my experience and expertise. In Section II, I raise several Administrative Procedure Act issues related to the proposed regulatory changes. In Section III, I correct the USPTO's misleading description of the history of the Paperwork Reduction Act issues that led to this Notice of Proposed Rule Making.

Section VII notes several systemic defects in the USPTO's administrative practices and proposes a simple (though not easy) remedy that the Director can implement immediately on his own authority.

Section VI is a formal error correction request identifying four specific and material errors in the 60-day notice and Supporting Statement. This request is filed pursuant to the USPTO's Information Quality Guidelines, and in accordance with those guidelines, I am submitting it both as a request for correction and as a public comment. Each error is followed by a specific correction request.

I. Scope of Comments

I not an inventor, a patent attorney, or a patent examiner; thus, I have no financial interest in the outcome of this rule making proceeding.

I have expertise in and more than 20 years' experience with the procedures of rulemaking (including administrative practice and compliance with the Paperwork Reduction Act, the Information Quality Act, the Regulatory Flexibility Act, and Executive Order 12,866) and the economic analysis of regulation (including compliance with OMB Circular A-4). Compliance with these administrative procedures is an essential prerequisite for the legal, political, and practical legitimacy of Federal rule making. Compliance with Circular A-4[1] is essential for the U.S. Patent and Trademark Office to ensure that its actions yield net social benefits to the United States. This standard falls within the USPTO's obligation under 35 U.S.C. § 2(b)(2)(F). The USPTO's rules must

> *provide for the development of a performance-based process that includes quantitative and qualitative measures and standards for evaluating cost-effectiveness and is consistent with the principles of impartiality and competitiveness.*

It is difficult to imagine how the Patent Office could fulfill this statutory directive if it promulgated regulations without the benefit of quantitative policy analysis.

Since 2007 I have become a regular commenter on U.S. Patent and Trademark Office (USPTO) rule making and Paperwork Reduction Act notices. Some of these comments have been filed under my own name, others by Regulatory Checkbook, a Virginia-based nonprofit organization for which I serve as President.

My comments can be summarized succinctly as follows. In the past year or so, the USPTO has made significant strides improving its adherence to administrative practices that have been in place for decades. At the same time, however, the Office still has a long way to go before it can be said to have reached the average level of performance among Federal agencies. Given the extraordinarily large economic impacts of its every action, the USPTO ought to be performing at a level so high that few other Federal agencies are its peer.

[1] Office of Management and Budget (2003).

In each of the sections below, I first identify the improvements in administrative practice that are evident in this notice of proposed rulemaking (NPRM). I follow with areas in which significant additional improvement is still needed, and suggest practical steps the Director can take to make these improvements more likely to be realized.

Section VI identifies just a few of the violations of applicable information quality guidelines and standards contained in this NPRM and draft ICR Supporting Statement. I hereby request that the USPTO treat this section as a formal request for correction submitted pursuant to the Patent Office's information quality guidelines. Those guidelines say that error correction requests involving a formal public comment period should be submitted as public comments, and that the Patent Office will directly respond to this request in its subsequent action:

> *A proper request received concerning information disseminated as part of and during the pendency of the comment period on a proposed rule, plan, or other action, including a request concerning the information forming the record of decision for such proposed rule, plan or action will be treated as a comment filed on that proposed rulemaking, plan, or action, and be addressed in the issuance of any final rule, plan, or action.*[2]

For each error, I indicate a specific correction that should be made. I look forward to the USPTO's direct responses to this formal request in Federal Register notice for the Final Rule, and in the final ICR Supporting Statement submitted to OMB.

II. Administrative Procedure Act

A. Is the regulatory action related to this ICR subject to mandatory notice and comment?

For every covered agency,[3] the Administrative Procedure Act (APA) applies to any "rule" it promulgates. The term "rule" is defined broadly,[4] as are the procedures agencies must follow to promulgate rules.[5] The APA provides a narrow exception for certain procedural rules:

> *Except when notice or hearing is required by statute, this subsection does not apply -*
>
> *(A) to interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice; or*
>
> *(B) when the agency for good cause finds (and incorporates the finding and a brief statement of reasons therefore in the rules issued)*

[2] U.S. Patent and Trademark Office (2002).

[3] 5 U.S.C. § 551(1).

[4] 5 U.S.C. § 551(4).

[5] 5 U.S.C. § 553.

> *that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest.*[6]

According to the NPRM, the PTO believes that this action is exempt from the APA because it is covered by clause (A) of this exemption:

> *The changes in the proposed rule relate solely to the procedure to be followed in filing and prosecuting an ex parte appeal to the Board.*
>
> *Therefore, these rule changes involve rules of agency practice and procedure under 5 U.S.C. 553(b)(A) [sic], and prior notice and an opportunity for public comment are not required pursuant to 5 U.S.C. 553(b)(A) (or any other law).*[7]

There are three problems with this claim.

First, the USPTO offers no basis to disregard the holding in *Tafas v. Dudas* that "the structure of [35 U.S.C. § 2(b)(2)] makes it clear that the USPTO must engage in notice and comment rule making when promulgating rules it is otherwise empowered to make—namely, procedural rules."[8] The court said the USPTO "may establish [procedural] regulations … and that those regulations must be made in accordance with 5 U.S.C. § 553" (emphasis in the original). That is, the Patent Act is precisely the kind of "other law" requiring notice and comment, and the APA provides the procedures the USPTO must use to fulfill them. But the USPTO continues to behave as if its regulatory actions are exempt from notice and comment under both the Patent Act and the APA. The Office represents its publication of proposed rules for public comment as a courtesy, not a legal duty.

Second, there is considerable controversy about the USPTO's assertion that this rule making relates "solely to the procedure to be followed in filing and prosecuting an ex parte appeal to the Board." The USPTO routinely makes this or a similar boilerplate claim, even in regulations that are intended to have major substantive effects on innovation, the number of patent applications filed, the scope of intellectual property that would be protected by patent claims if allowed, and similar broad matters of economic and social policy. The Patent Office's reliance on irrelevant case law does not negate the Office's non-procedural purposes.

In this NPRM, the Patent Office is clear that the proposed procedural changes are intended to alter the behavior of applicants, to reduce their propensity to appeal final Office actions, and to reduce their likelihood of prevailing in the event they do appeal. Thus, this NPRM is procedural only because the Office's statutory authority

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[6] 5 U.S.C. § 553(b)(3)(A).

[7] U.S Patent and Trademark Office (2010b).

[8] *Tafas v. Dudas*, 541 F.Supp.2d 805, 812, 86 USPQ2d 1623, 1628 (E.D. Va. 2008), *motion to vacate denied Tafas v. Kappos*, 586 F.3d 1369, 1371, 92 USPQ2d 1693, 1694 (Fed. Cir. 2009) (granting PTO's motion to dismiss the appeal on grounds of mootness, and holding that district court decision is reinstated).

is limited to procedural matters. The NPRM is not "solely" procedural, but rather incidentally so.

Third, even if the law were construed in its favor, the facts of the NPRM would undermine the Patent Office's claim that the proposal has "solely" procedural content. This NPRM proposes nominally procedural changes with predictably substantive effects (e.g., "waiver" provisions; the narrowed definition of "new ground of rejection"). Thus, this NPRM does not relate "solely" to internal Board procedures.

In short, the Patent Office strains credibility when it asserts exemptions from both the APA and "other laws" requiring notice and comment. The Office shows disrespect for its customers and the courts by continuing to make such claims. The Director should instruct the General Counsel to correct the discussion of notice and comment applicability in any final rule resulting from this NPRM and all future regulatory actions. If the USPTO believes that *Tafas* is not the controlling legal authority, the General Counsel should publicly explain why.

B. Why might the Patent Office want an exemption from mandatory notice and comment?

The true motives of Patent Office officials or senior career managers cannot be divined from the NPRM. Nonetheless, reasonable inferences can be made from the benefits that an exemption from mandatory notice and comment would provide. There are two potential benefits that would make an exemption bureaucratically worthwhile.

1. Exemption from serious OMB oversight

OMB) reviews all significant draft "regulatory actions" proposed by Executive branch agencies, pursuant to its authority under Executive Order 12,866.[9] By claiming that the NPRM is not substantive, the Patent Office implicitly claims an exemption from serious OMB oversight.[10] The intensity of OMB's actual oversight is consistent with capitulation to this claim.[11]

The Director should instruct the General Counsel to designate this regulatory action as presumptively economically significant. To ascertain whether this

[9] Clinton (1993). See Sections 3(e) (definition of "regulatory action") and 3(f) (definition of "significant regulatory action").

[10] Clinton (1993), Section 2(a): "Because Federal agencies are the repositories of significant substantive expertise and experience, they are responsible for developing regulations and assuring that the regulations are consistent with applicable law, the President's priorities, and the principles set forth in this Executive order."

[11] I and other commenters have repeatedly noted that the USPTO's regulatory actions are economically significant regulatory actions in most cases solely because of their paperwork burdens. See, e.g., Belzer (2007; 2008a, 2008b, 2008c). OMB has not designated any of these regulatory actions economically significant despite having clear authority to do so under Section 6(a)(3)(C) of Executive Order 12,866.

presumption can be rebutted, the Director should instruct the USPTO's Chief Economist to conduct a proper economic analysis consistent with the principles of benefit-cost analysis and OMB Circular A-4, to ascertain whether the rule is likely to have impacts exceeding $100 million in any one year.[12] The effects counted must include both economic impacts of the rule (such as effects on the value of intellectual property subject to patent protection) and the paperwork burdens the rule would impose. Only if effects exceeding $100 million in any one year are not likely should the Director ask OMB to downgrade its designation to merely significant.

2. Exemption from the Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) gives special attention to the disproportionate costs regulation often has on small entities, and it establishes certain procedural and analytic obligations agencies must follow in order to guide their selection of regulatory alternatives in a way that minimizes these disproportionate impacts. But the RFA is triggered only when notice and comment applies, either under the APA or some other law. Thus, by claiming an exemption from mandatory notice and comment under both the APA and the Patent Act, the USPTO can evade the RFA.

Not all previous attempts to execute this charade have succeeded. In the USPTO's July 2007 NPRM on Markush Practice, the USPTO claimed (as it does here) that the proposed rule was merely procedural and thus exempt from mandatory notice and comment.[13] For reasons the Office never explained, it subsequently published an Initial Regulatory Flexibility Analysis (IRFA) that would not have been required had the exemption claim been legitimate.[14] The IRFA revealed highly disproportionate costs on small entities, and effects that easily exceeded the threshold for an economically significant regulatory action. No final rule has been promulgated.

For this NPRM as well, RFA compliance is not a mere procedural formality. Appeals may well have disproportionate paperwork burdens and costs on small entities, and if they do, then there also will be disproportionate economic impacts, as well. The Director should instruct the Chief Economist to supervise the preparation of an IRFA to ascertain just how disproportionate these effects are likely to be. If the IRFA reveals that significant effects on a substantial number of small entities are likely, the Director should consult with the Small Business Administration Office of Advocacy to consider alternatives that would reduce or eliminate these disproportionate burdens.

[12] "Likely" implies a preponderance of the evidence test.

[13] U.S Patent and Trademark Office (2007b).

[14] U.S Patent and Trademark Office (2007a).

III. The USPTO misleadingly characterizes the 2007 NPRM and 2008 Final Rule

The preamble contains a description of the history of this rule making that is inaccurate in several material respects. Misleading the public undermines confidence in the integrity of the Office, and especially the integrity of the Board. Moreover, it undermines the legal and moral foundation of any future final rule. By neglecting to report these facts correctly, the USPTO also misleads the public concerning the origin of the procedural problem that led to the December 2008 administrative stay,[15] and ultimately to this NPRM.[16]

A. The 2007 NPRM included numerous false claims, which this NPRM does not acknowledge

This NPRM correctly states that the original NPRM was published on July 30, 2007. It does not acknowledge, however, that the 2007 NPRM included numerous false claims. Quoting from the preamble of the 2007 NPRM:

> *This proposed rule involves information collection requirements which are subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.). The collection of information involved in this proposed rule has been reviewed and previously approved by OMB under control number 0651–0031. The United States Patent and Trademark Office is not resubmitting an information collection package to OMB for its review and approval because the changes in this proposed rule would not affect the information collection requirements associated with the information collection under OMB control number 0651–0031.*[17]

Each statement in green is true; each statement in red is false. The proposed rule did involve information collection requirements subject to review by OMB. However, none of these requirements had ever been reviewed by OMB, much less approved. Contrary to the Patent Office's claims, the proposed rule did involve changes in paperwork burden that would have required new notice, if only there had been a valid OMB Control Number to revise.

By law, the USPTO was required to publish notice within the preamble to the 2007 NPRM identifying the new paperwork burdens, explaining their practical utility, estimating objectively their burden on the average respondent and all respondents in the aggregate, and allowing at least 60-days for public comment on each of these matters.[18] The USPTO complied with none of these statutory requirements.

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[15] U.S Patent and Trademark Office (2008b).

[16] The fact that the 2008 Final Rule ran aground on procedural defects underscores the value to society of these procedural rules.

[17] U.S Patent and Trademark Office (2007c).

[18] 44 U.S.C. § 3506(c)(2)(A) and 5 C.F.R. § 1320.8 and 11.

B. The juxtaposition of the 2008 Final Rule and an illegal 60-day notice

This NPRM correctly states that the USPTO promulgated a final rule on June 10, 2008,[19] and a Paperwork Reduction Act "60-day notice" on June 9, 2008.[20] It does not acknowledge, however, that the June 9 PRA notice could not have been a legal "60-day notice" because it was published one day before promulgation of the final rule. Legal 60-day notice must be published "in the preamble to the Notice of Proposed Rulemaking."[21] The statutory purpose of public comment is to inform decision-making. It is an absurd reading of the statute to think that requesting comment one day before promulgation of a final rule constitutes adherence to the PRA's notice and comment requirement. The USPTO's disregard for proper notice and comment procedure on PRA maters is similar to its cavalier attitude about notice and comment generally, noted above in Section II.B.

Through this illegal 60-day notice, the Patent Office announced its intention to file a new information collection request with OMB, one that would cover the paperwork burdens associated with appeal practice. This notice did not admit that there was no valid OMB Control Number in place that covered appeal practice; it did not provide required public notice that, until OMB approved the information collection, appellants had no legal obligation to provide information to the Board in the format the Board required; and it did not inform appellants of their rights under 44 U.S.C. § 3512. Each of these notices was required by law.[22]

In the preamble to this NPRM, the Office recites these events shamelessly, as if they were perfectly normal administrative practices. The USPTO seems to be oblivious to the degree to which extraordinarily cynical past behavior damaged its reputation within the patent community for competence and integrity, and undermined trust in the Board's respect for the rule of procedural law.

C. Public comment on the USPTO's serial legal violations led OMB to decline to approve the information collections the Office needed to enforce the 2008 Final Rule

OMB declined to approve the information collections contained in the 2008 Final Rule, thereby rendering it unenforceable as a matter of law. This NPRM mentions this fact elliptically and disingenuously:

> *Because the information collection process had not been completed by the original effective and applicability date of the final rule, the Office published a Federal Register notice (73 FR 74972 (Dec. 10, 2008)) notifying the public that the effective and applicability dates of the final*

[19] U.S Patent and Trademark Office (2008c).

[20] U.S Patent and Trademark Office (2008a).

[21] 44 U.S.C. § 3506(c)(2)(A), as implemented by 5 C.F.R. § 1320.11(a).

[22] 44 U.S.C. § 3506(c) and 5 C.F.R. § 1320.8.

> *rule was not December 10, 2008, and that the effective and applicability dates would be delayed until a subsequent notice.*[23]

The USPTO does not explain why OMB declined to approve the information collection. The "information collection process" was completed just fine at OMB; the problem is that the USPTO had systematically violated the rules of the process.

Public commenters, including me, showed OMB how the USPTO had repeatedly violated the procedural and substantive provisions of the Paperwork Reduction Act. Procedural violations included, most obviously, the cynically illegal 60-day notice published one day before promulgation of the final rule. Substantive violations included, most egregiously, the Board's demand that appellants submit exactly the same information already in the PTO's possession but in a different format, something the PRA forbids.[24] In response to the USPTO's statutorily required 30-day notice, I sent a letter identifying 10 PRA violations committed by the Patent Office. To ensure that it is entered into the record for this rule making, I include this letter as Attachment A.

It is true that shortly after his inauguration, President Obama directed agencies to "to consider seeking comments for an additional 30 days on rules that were published in the Federal Register and had not yet become effective by January 20, 2009." However, the memorandum containing this instruction could not have had anything to do with OMB's decision, a month earlier, not to approve the information collections contained in the June 2008 Final Rule. Nor could it have influenced the USPTO's decision, a month earlier, to indefinitely stay the effective date of the June 2008 Final Rule. It was clear in December 2008 that the procedural and substantive defects in USPTO practice were so severe that OMB could not legally approve the information collections contained in the June 2008 Final Rule. The President's January 2009 directive did not constrain in any way the publication of new proposed rules.

D. The NPRM falsely claimed that the proposed changes in appeal practice would result in no incremental paperwork burden

The preamble to the 2007 NPRM asserted that it would impose no new information collection requirements:

> *The United States Patent and Trademark Office is not resubmitting an information collection package to OMB for its review and approval because the changes in this proposed rule would not affect the information collection requirements associated with the information collection under OMB control number 0651–0031.*[25]

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[23] U.S Patent and Trademark Office (2008b).

[24] 44 U.S.C. § 3506(c)(3)(B) and 5 C.F.R. § 1320.5(d)(1)(ii).

[25] U.S Patent and Trademark Office (2007c).

How the USPTO reached this conclusion lies beyond imagination. The NPRM included numerous major changes to appeal practice that would have created obvious and substantial new information collection burdens. Moreover, in the illegal 60-day notice the USPTO tried to hide these burdens by making no distinction between burdens in the existing (2004) rule and new burdens that the 2008 rule would impose. Many public commenters noted these burdens in their responses to the illegal 60-day notice; they asked the Patent Office to make a clear distinction between them in its subsequent submission to OMB.[26] The USPTO did not respond cogently to any of these comments.[27]

In response to the ICR submission to OMB, I sent a letter identifying examples where the proposed rule would substantially increase the burdens over the 2004 rules; examples in which the proposed rule would have spillover effects on other approved information collections; and examples of information collections that the proposed rule would have created but which the USPTO had neglected to even identify. To ensure that it is entered into the record for this rule making, I include this letter as Attachment B.

E. OMB's 2009 approval of new ICR 0651-0063 covers only three information collections contained in the 2004 Appeal Rules

This NPRM mentions the USPTO's December 22, 2009, ANPRM without explaining its context:

> *On December 22, 2009, the Office published an Advance Notice of Proposed Rulemaking (ANPRM) proposing further modifications to the stayed final rule and seeking public comment via a public roundtable and written comment (74 FR 67,987 (Dec. 22, 2009)).*[28]

The context is the OMB's approval of the information collections related to the 2004 rule on the same day that the ANPRM was published. OMB approved three information collections related to the 2004 rule (Appeal Brief, Reply Brief, and Request for Rehearing Before the BPAI).[29] OMB did not approve either of the two information collection elements specific to the June 2008 Final Rule.

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[26] Comments on both the illegal 60-day notice and the submission to OMB are at http://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=200809-0651-003.

[27] Section VII.A contains an extensive discussion of the USPTO's persistent unresponsiveness to public comments.

[28] U.S Patent and Trademark Office (2010a).

[29] Office of Management and Budget (2009). The consensus view among public commenters universally is that these figures seriously understate actual burdens and non-burden hour costs.

F. Is the Board enforcing provisions of the 2008 Final Rule that are currently stayed, are proposed in this NPRM for formal rescission, and which are not approved by OMB?

As I noted in Section I, I am neither an inventor nor a patent attorney. Nonetheless, because of my participation in USPTO rule making and PRA actions, I have become aware of instances in which it appears that the Board is enforcing provisions of the 2008 Final Rule. Other commenters likely will address the specifics of these issues in greater detail, and with greater technical expertise. To my lay understanding, these concerns seem persuasive.

The Board's integrity would suffer a crippling blow if the critics are correct. Even if they are not, the Board is seriously damaged by the perception that its members would even consider such illegal conduct. Members of the Board have specific competence in substantive patent law, and while patent law provides the foundation for the Board's decisions, it does not excuse members of the Board from their duty to adhere to procedural law as well.

If the Board is enforcing provisions of the 2008 Final Rule, appellants have legal recourse under the APA. They also have the benefit of the affirmative defense in the Paperwork Reduction Act, which shields them from penalties imposed for failing to provide information for which there is no valid OMB Control Number.[30] This defense applies "notwithstanding any other provision of law," which means it supersedes everything in the USPTO's rules of practice and the MPEP.

I encourage the Director to ask the Inspector General of the Department of Commerce to review all Board actions taken since December 10, 2008, to determine whether it has applied any element of the 2008 Final Rule or imposed any paperwork burden on appellants for which there is no valid OMB Control Number. Only an independent review can quell public concern.

IV. Executive Order 12,866

The threshold for an economically significant regulatory action is $100 million in effects in any one year.[31] The term "effect" is not defined, but at a minimum it includes all social costs, paperwork burdens, and transfer payments.[32]

[30] 44 U.S.C. § 3512.

[31] EO 12,866 § 3(f)(1). A regulatory action also is economically significant if it may "adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities." Patent regulations thus may be economically significant for multiple reasons.

[32] The social benefits of regulation also reside within the definition of "effect." It is important that agencies count every cost, benefit, or other effect; to count each exactly once; and to estimate the magnitude of each objectively.

Historically, the USPTO has not disclosed publicly any estimates of the economic impacts of its regulatory actions. This NPRM continues that pattern. The preamble states, in passive voice, that the proposed rule "has been determined to be significant for purposes of Executive Order 12866," then fails to identify, quantify, or monetize any of these significant impacts. The significance of the NPRM is unquestioned; what remains undetermined is whether it is economically significant.

A. It is very easy for almost any Patent Office regulatory action to have economic effects exceeding the threshold for economic significance

Innovation and invention is a substantial part of the American economy. Their dollar value is difficult to estimate with any precision, though it seems clear that it is in the hundreds of billions, or perhaps trillions, of dollars.[33] With such a large baseline, it does not take much for a Patent Office regulatory action to have economically significant effects. Indeed, it seems likely that almost every USPTO regulation and guidance the Office publishes is economically significant.

Recognizing this, the Director should instruct the General Counsel to provisionally deem every regulatory action as economically significant prior to its inclusion in the Regulatory Agenda. For any regulatory action that the Patent Office believes is less significant, the Director should instruct the Chief Economist to test this belief by preparing a cogent analysis ascertaining impacts under reasonable worst-case conditions. If and only if such an analysis does not yield $100 million of effects in any one year should the General Counsel reclassify a proposed regulatory action as less than economically significant.[34]

B. It is very easy for almost any Patent Office regulatory action to have paperwork burdens exceeding the threshold for economic significance

Paperwork burdens, which are discussed in more detail in the following section, are effects cognizable under Executive Order 12,866. For 12 patent-related ICRs, the USPTO estimates about 12.9 million burden hours just for attorneys (i.e., excluding paralegals and clerical staff). Using the Patent Office's default value of $325 per hour, these burdens cost $4.2 billion per year. Thus, a change in burden of just 2.38% is sufficient to exceed the $100 million threshold for an economically significant regulatory action.[35]

This percentage is considerably less than known errors in the USPTO's burden estimates. For example, the USPTO routinely uses the median rather than

[33] The U.S. Chamber of Commerce says "America's innovative and creative industries account for more than $5 trillion of the U.S. gross domestic product, drive more than half of U.S. exports, and employ over 18 million Americans" (Global Intellectual Property Center 2010).

[34] Reasonable worst-case analysis is appropriate for classification determinations under Executive Order 12,866. A Regulatory Impact Analysis, which is required for every economically significant regulatory action, must be performed objectively.

[35] Calculations performed by the author and available on request.

the mean hourly cost for patent counsel, obtained from the most recent AIPLA economic survey.[36] For 2008, the mean billing rate across 1,824 survey respondents to the 2009 survey was reported to be $363, 12% greater than the reported median[37] that the USPTO uses. Thus, any change in respondent burden that is 23% as large as this one, small error is enough to exceed the $100 million threshold for economic significance. Even if this NPRM truly has no economic effects on patent asset values or on patent-derived investment activity, its incremental paperwork burdens may exceed the threshold for an economic significant regulatory action.[38]

The Director should instruct the General Counsel to provisionally deem every regulatory action as economically significant and ensure that every regulatory action is included in the Regulatory Agenda. This preliminary designation should be released if and only if the Chief Economist shows that under reasonable worst-case conditions the value of paperwork burdens and/or economic effect is likely to be less than $100 million in any one year.

V. Paperwork Reduction Act

The PRA requires the USPTO to follow certain procedures,[39] document the actual practical utility of information it seeks from the public,[40] and prepare objectively supported estimates of burden.[41] These procedures must be followed to secure a valid Control Number from OMB, without which the Patent Office may not legally require any person to generate, submit, or retain information in order to obtain a patent allowance.[42] If the USPTO imposes any penalty or denies a benefit solely due to the failure of an applicant to provide information lacking a valid OMB Control Number, the applicant may exercise rights set forth in the PRA to overcome such penalty.[43]

A. The USPTO's historical compliance problems

Among Federal agencies, the USPTO has had an unusually difficult time complying with the Paperwork Reduction Act. The Patent Office has falsely claimed

[36] American Intellectual Property Law Association (2009).

[37] American Intellectual Property Law Association (2009, p. I-6) The average billing rate was higher for partners ($447/hour), who may be more likely to represent appellants.

[38] The USPTO claims the value of incremental burden from this revision is $19 million per year. For reasons that have been sufficiently described in previous public comments (but to date ignored by the Patent Office), the USPTO's figures are likely to significantly underestimate actual burden, both in the baseline and incrementally.

[39] 44 U.S.C. § 3506 and 5 C.F.R. § 1320.11-13.

[40] 44 U.S.C. § 3502(11) and 5 C.F.R. § 1320.3(l).

[41] 44 U.S.C. § 3506(c)(1)(A)(iv) and 5 C.F.R. § 1320.8(a)(4).

[42] 44 U.S.C. § 3512 and 5 C.F.R. § 1320.6.

[43] Id.

to have valid OMB Control Numbers when it did not have them; it has falsely claimed that proposed rules would not add to existing paperwork burden when they would have; and it has failed to even seek OMB approval for information collections that it has imposed for years. The preamble to the 2007 NPRM was emblematic, having made all three of these false claims.

These errors were never rectified, though on December 22, 2009, OMB approved three specific information collections related to the Board's activities: the Appeal Brief, the Reply Brief, and the Request for Rehearing. OMB's approval extended only prospectively to these three regulatory provisions, as they existed on or before December 10, 2008. The Patent Office has no authority to seek any other information, nor can it impose a penalty or deny a benefit for an appellant's failure to provide any information prior to that date. In any instance in which it imposes a penalty or denies a benefit, the Patent Office is highly vulnerable to legal challenge in Federal district court.

B. This NPRM

I am pleased to read the extensive discussion of Paperwork Reduction Act concerns in the preamble to this NPRM. Indeed, the discussion in the preamble is superior to every other USPTO regulatory preamble I have read. I am hopeful that inventors and patent counsel with experience prosecuting applications and filing appeals with the Board will find the information disclosed useful and helpful for informing their comments.[44]

I am concerned, however, that they will not be able to do so. The preamble contains far less documentation than is required by law, and it does not inform the public how to obtain a copy of USPTO's draft Supporting Statement.

1. Insufficient discussion of practical utility

The Paperwork Reduction Act requires agencies to document the practical utility of the information it seeks.[45] Practical utility is defined as:

> *the actual, not merely the theoretical or potential, usefulness of information to or for an agency, taking into account its accuracy, validity, adequacy, and reliability, and the agency's ability to process the information it collects…*[46]

The preamble includes no discussion of practical utility. The draft Supporting Statement contains a "justification" section that consists of boilerplate containing no information about practical utility. The USPTO infers practical utility from its authorizing statute; i.e., because the law directs it to perform certain tasks, any

[44] As I note in Section VII.A below, the level of interest in submitting public comments is severely attenuated because of the USPTO's persistent practice of choosing not to cogently respond to them.

[45] 44 U.S.C. § 3506(c)(2)(A)(i) and 5 C.F.R. § 1320.8 and 10.

[46] 5 C.F.R. § 1320.3(l).

information that the Patent Office wants has presumptive practical utility. This inference, were it correct, would drain all content from the practical utility test in the Paperwork Reduction Act.

2. Lack of objective support for the USPTO's burden estimates

A criticism that has been made repeatedly of the USPTO's burden estimates is that they lack objective support. The Patent Office relies on the "beliefs" and "judgments" of unnamed staff.

It is possible that some USPTO staff have sufficient relevant experience and expertise to objectively estimate burden. Presumably, they would have gained their experience from patent prosecution practice or their expertise from extensive scholarly research. However, unless and until the USPTO reveals the identities of its in-house burden-estimation experts, and subjects them to the practical equivalent of cross-examination, it is entirely reasonable to infer that the Patent Office has made up its burden estimates based on what it finds convenient and thinks is reasonable. If this inference is true, then it makes perfect sense that the Patent Office would refuse to adopt estimates that may be more accurate, but which are less convenient and much higher. This is the antithesis of objective support, and it cannot comply with the PRA.

There is a thought exercise that can be used to perform a rough validation of the USPTO's burden estimates: would the Patent Office be able to perform an information collection task at the average number of hours in its burden estimate? If the answer is no, then the burden estimate is probably too low.

3. The AIPLA economic surveys

For several burden elements, the USPTO relies on an economic survey prepared for the American Intellectual Property Law Association (AIPLA). This resource is no doubt convenient. However, the USPTO has made no effort to show that it has interpreted data from the report correctly, or that the data contained in the report are valid and reliable for burden estimation.

4. Burden-shifting

Much of the Patent Office's effort to reduce pendency over the past several years has been directed toward shifting its workload onto applicants.[47] The Paperwork Reduction Act forbids this practice when burden-shifting is "disproportionate."[48] A plausible standard of proportionality could be the equalization between the USPTO and its customers of the marginal cost-

[47] U.S. Patent and Trademark Office (2005a, 2005b): "The United States Patent and Trademark Office (Office) revises the rules of practice to share the burden of examining applications" (emphasis added).

[48] 5 C.F.R. § 1320.5(d)(1(iii): "The agency shall also seek to minimize the cost to itself of collecting, processing, and using the information, but shall not do so by means of shifting disproportionate costs or burdens onto the public."

effectiveness of various tasks. Applicants would happily pay more for the USPTO to undertake any task it can do more cost-effectively than the expensive lawyers it otherwise must hire. Conversely, the USPTO should not force them to pay their expensive lawyers to perform tasks that the examining corps can do more cost-effectively. In the recent rule makings in which the USPTO sought to "share the burden" with applicants, public commenters experienced in patent prosecution raised the concern that the Patent Office would have increased costs on applicants by many dollars for every dollar saved by the USPTO. That tradeoff is inconsistent with equalizing marginal cost-effectiveness and is the essence of disproportionality.

VI. Information Quality Act Issues and Error Correction Request

The Federal Information Quality Act (IQA)[49] applies to all information disseminated by Federal agencies, with standards that are more stringent for information that is "influential." OMB published final government-wide implementing guidelines in February 2002,[50] and the USPTO followed up, as required, with agency-specific implementing guidelines later that year.[51] Agency Information Collection Requests (including Supporting Statements) are covered by the IQA and agencies are required to ensure that the ICRs they publish for public comment and submit to OMB comply with the law in all material respects.[52] The USPTO's information quality guidelines commit the Patent Office to this performance standard.[53]

In this section, I reiterate some of the information quality errors that the USPTO has made repeatedly in the past, and continues to make in this 60-day notice and accompanying draft ICR. As noted in Section I, I request that this section be treated as a formal error correction request submitted pursuant to the USPTO's information quality guidelines. Those guidelines say that error correction requests involving a formal public comment period should be submitted as public comments:

> *A proper request received concerning information disseminated as part of and during the pendency of the comment period on a proposed rule, plan, or other action, including a request concerning the information forming the record of decision for such proposed rule, plan or action will be treated as a comment filed on that proposed rulemaking, plan, or action, and be addressed in the issuance of any final rule, plan, or action.*[54]

[49] 44 U.S.C. § 3516 note (Policy and Procedural Guidelines).

[50] Office of Management and Budget (2002).

[51] U.S. Patent and Trademark Office (2002).

[52] Office of Management and Budget (2002); Graham (2002).

[53] U.S. Patent and Trademark Office (2002).

[54] U.S. Patent and Trademark Office (2002, Section IX.A.9).

In compliance with these instructions, I am submitting this document as both a public comment on the 60-day notice and as a request for correction. For each error, I indicate the specific correction that should be made.

A. Bizarre IQA errors in previous Supporting Statements have been identified and noted in prior public comments, and ignored by the USPTO

The USPTO's October 2008 ICR submission includes a certification of compliance with the Information Quality Act, which reads as follows:

> *The Information Quality Guidelines from Section 515 of Public Law 106-554, Treasury and General Government Appropriations Act for Fiscal year 2001, apply to this information collection and comply with all applicable information quality guidelines, i.e., OMB and specific operating unit guidelines.*
>
> *This proposed collection of information will result in information that will be collected, maintained, and used in a way consistent with all applicable OMB and USPTO Information Quality Guidelines. (See Ref. B, the USPTO Information Quality Guidelines.)*[55]

In my comments on that ICR, I noted that the first paragraph of this text is nonsensical and the second is a non sequitur.[56] It is nonsensical to say that the information quality guidelines comply with the information quality guidelines. It is a non sequitur to say that information collected by an ICR will be used in a way that complies with the IQA when the information itself does not.

The USPTO had the benefit of these comments and about a year to make these corrections before resubmitting its revised Supporting Statement in December 2009. The Patent Office made no corrections.[57]

The USPTO now publishes a draft revision to the Supporting Statement intended to justify the revised ICR. The Patent Office still has made no corrections.[58]

In Section VII.A I note that the USPTO has been persistently unresponsive to public comment. I use as my example the fact that, despite extensive public comments highly critical of its burden estimates, it has made hardly any revisions. Even if it is generously assumed that the USPTO has legitimate reasons for disagreeing with commenters on burden estimates, correcting the bizarre errors mentioned here entail no substantive controversy. The USPTO's refusal to correct even errors such as this cannot be charitably rationalized.

Correction requested: The USPTO should replace the text in the Supporting Statement with the following:

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[55] U.S. Patent and Trademark Office (2002, Section VII).

[56] Belzer (2008a, 2008b).

[57] U.S. Patent and Trademark Office (2008d, p. 3).

[58] U.S. Patent and Trademark Office (2010c, p. 3).

The Information Quality Guidelines issued by the Office of Management and Budget to implement Section 515 of Public Law 106-554, Treasury and General Government Appropriations Act for Fiscal year 2001 (codified at 44 U.S.C. § 35216 note) and the agency-specific implementing guidelines issued by the USPTO apply to this Supporting Statement, all additional information disseminated by the USPTO accompanying this Supporting Statement, and the Federal Register notice announcing the dissemination of these materials.

In accordance with these guidelines, all information contained herein must satisfy applicable standards for objectivity (in both presentational and substantive respects), integrity, and utility, as those terms are defined in the guidelines, at a standard appropriate for influential information.

Prior to dissemination, these guidelines require the USPTO to conduct pre-dissemination review of all information proposed to be disseminated.

[Insert text fully describing the pre-dissemination review actually performed by the USPTO to ensure and maximize the quality of the information to be disseminated.]

B. Opinion and belief are presumptively noncompliant with the objectivity standard

Applicable information quality guidelines require information, and especially influential information, to satisfy tests for substantive and presentational objectivity. Much of the USPTO's burden estimation methodology is inherently subjective because it relies on the opinions and beliefs of Patent Office staff, or perhaps the contractors who actually prepare its ICRs.

Correction requested: The USPTO must cease and desist from using opinion and belief in lieu of information that adheres to the objectivity standard. In the long run, major changes in the Patent Office's burden estimation methodology are necessary, and some efforts along these lines seem to be underway.[59] In my public comments on the proposed methodology, I raised serious concerns about whether the approach being taken could ever succeed.[60]

Until such time as the USPTO devises a credible, peer reviewed and publicly vetted burden-estimation methodology, it should supplant its own opinions and beliefs with well-documented estimates provided by public commenters. USPTO personnel have expertise in estimating burdens of patent examination, but they have no special expertise with respect to the burdens of patent application and prosecution.

[59] ICF International (2010).

[60] Belzer (2010).

C. The USPTO persists in using medians instead of means despite knowing that medians are biased measures of central tendency, and thus violate the Information Quality Act

A notable exception to the USPTO's reliance on opinion and belief is its estimate of the hourly rates charged by patent counsel. The USPTO relies on "the median rate for attorneys in private firms as published in the 2009 report of the Committee on Economics of Legal Practice of the American Intellectual Property Law Association (AIPLA)."[61] Though the nominal amounts differ slightly, the October 2008 and December 2009 Supporting Statements all use the same median figure.[62]

For any asymmetrical distribution, medians are biased estimators of central tendency. I have pointed this out in previous public comments on the Patent Office's burden estimation methodology,[63] as have several others. Most recently, Dr. Ron Katznelson submitted a formal IQA error correction petition regarding this and other information quality errors contained in the Supporting Statement for ICR 0651-0031.[64]

Correction requested: The USPTO must cease and desist using medians as estimators of average burden. For deriving aggregate burden, the USPTO must use the arithmetic mean estimate of individual respondent burden and multiply it by an unbiased estimate of the number of responses, properly adjusted over the expected term of the clearance for expected changes in their number.

For individual burden, the USPTO should use the best, unbiased estimate of the central tendency of the predicted or empirical distribution. This may be the arithmetic, geometric, or harmonic mean. It must never use the minimum, any specific percentile of the distribution, or any other figure that is based on the opinion or belief of USPTO personnel.

To estimate the number of respondents, the USPTO must use the best, unbiased estimator of the central tendency of the predicted or empirical distribution. It must never use the minimum, any specific percentile of the distribution, or any other figure that is based on the opinion or belief of USPTO personnel. In any case where this estimate differs from estimates elsewhere disseminated by the USPTO, or provided to OMB in the course of preparing the President's annual budget, information disseminated as part of an ICR (including Federal Register notices, Supporting Statements, and other materials) must fully explain the reason why they are different.

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[61] U.S. Patent and Trademark Office (2010c).

[62] U.S. Patent and Trademark Office (2008d, 2009).

[63] Belzer (2010).

[64] Katznelson (2010). Contrary to OMB instructions, the USPTO has not made this document publicly available on its web site.

D. The USPTO persists in relying upon third-party survey data that do not comply with applicable information quality standards and guidelines, and thus violate the Information Quality Act

For many components of burden, the USPTO relies on the AIPLA economic survey. These biennial surveys are undoubtedly convenient, but they do not comply with applicable information quality guidelines. The USPTO is fully aware of these defects because they have been explained to the Patent Office in previous public comments.[65]

I summarize the main points below.

1. Representativeness of the sample frame

The AIPLA economic surveys are not surveys at all; they are attempts to perform a census. The 2009 "survey" is a census of 15,395 members and known nonmembers. This sample frame may be representative, but representativeness cannot be simply assumed, as the USPTO implicitly does.

This is unacceptable statistical practice and it violates established standards and guidelines for statistical surveys.[66] The USPTO has an obligation under applicable information quality guidelines to ensure that third-party information on which it relies and disseminates approvingly meet the same standards that would apply if the information was produced or sponsored by the agency.

2. Response rate

The 2009 AIPLA economic survey has a reported unit response rate of no more than 21%. On the crucial question of hourly rates, the survey response is only 11.8%.[67] The USPTO bases its estimate of the hourly rate for patent attorneys on a sample in which more than seven out of eight respondents declined to provide information.

The USPTO also relies on AIPLA survey data for some of its estimates of the number of burden-hours required to perform certain specified tasks. For the task of preparing an "original non-provisional utility patent application on inventions of minimal complexity," the average reported cost was $7,879. The response rate was as low as 7.9%.[68] Only 368 respondents provided data on the cost of filing an appeal with oral argument.[69]

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[65] Belzer (2010).

[66] Office of Management and Budget (2006).

[67] American Intellectual Law Property Association (2009, I-6; 1,824 responses out of 15,395 survey recipients).

[68] American Intellectual Law Property Association (2009, p. I-110). What proportion of the 15,395 respondents file utility patent applications is not clear.

[69] American Intellectual Law Property Association (2009, p. I-113).

Federal statistical policy requires agencies to "design … survey[s] to achieve the highest practical rates of response, commensurate with the importance of survey uses, respondent burden, and data collection costs, to ensure that survey results are representative of the target population so that they can be used with confidence to inform decisions."[70]

When the overall unit response rate is less than 80% or an item response rate is less than 70%, Federal guidelines require the agency to conduct a nonresponse bias analysis. The USPTO has not performed such an analysis; in the Supporting Statements that use AIPLA survey data, the USPTO does not even report the response rates.

3. Respondents not informed about PRA burden definition

For any response in the AIPLA economic survey to be plausibly valid for estimating the number of burden-hours required to perform an information collection task, the survey must ask respondents to provide estimates for completing each information collection task in a manner consistent with the definition of burden in the Paperwork Reduction Act and its implementing regulations.

The AIPLA economic survey questionnaire does not do either of these things. The questionnaire does not define cost, much less burden. Survey results show wide ranges in reported values for "typical charges and costs," suggesting that respondents had very different understandings of what they were supposed to include. The questionnaire asks respondents to report these "typical charges and costs" for a list of broad tasks. Some of these tasks correlate better with information collection components than others.

Correction requested: The USPTO must cease and desist disseminating data from the AIPLA economic surveys, or using them for deriving burden estimates, unless and until it can show that these data adhere to applicable information quality standards. The Patent Office should consider collaborating with the AIPLA on a new survey instrument that complies with information quality and statistical policy standards. Such a survey would be a new information collection subject to OMB review, even if the AIPLA fully funds and administers it, because collaboration implies agency sponsorship.

E. Nondisclosure of the data and models used to derive estimates of the numbers of responses for each information collection

Both OMB's and the USPTO's information quality guidelines require that information disseminated by the USPTO satisfy applicable standards for transparency and reproducibility. Transparency requires the USPTO to clearly identify all sources for the information it disseminates. Reproducibility requires the

[70] Office of Management and Budget (Office of Management and Budget 2006, ; Federal Statistical Policy Standard 1.3).

USPTO to show its work so that qualified third parties can reproduce it within a reasonable margin of error.

The USPTO's estimates of the expected numbers of responses for each information collection have never met these standards.[71] Moreover, to date the USPTO has not credibly responded to public comments on the point, either to make corrections or to explain why I am in error.

This Supporting Statement follows the same pattern. The USPTO discloses only its estimates; it discloses none of the sources. Except for the trivial arithmetic task of multiplying numbers of respondents by numbers of burden-hours, it is impossible for a qualified third party to reproduce the USPTO's estimates.

Correction requested: The USPTO must disclose all data and models used to derive its estimates of the numbers of responses for each information collection. Further, the E-Government Act of 2002 requires the PTO to make this information available on the agency's web site at about the time of the NPRM.[72] Sufficient detail must be provided in the next version of the Supporting Statement to enable qualified third parties to reproduce the Patent Office's estimates within a reasonable margin of error.

VII. Systemic Defects in the USPTO's Administrative Practices

This ICR is not unusual; rather, it is representative of the systemic defects that characterize the USPTO's administrative practices. The Patent Office is cavalier about public comment; it withholds crucial information from the public, making public participation difficult and evading accountability; and for all we can tell, it makes momentous decisions based on the most cursory policy analysis.

A. Unresponsiveness to public comments

The purpose of public notice is to alert the affected public to what an agency plans to do so that it can provide informed feedback to the agency. In the case of the Paperwork Reduction Act, these purposes are codified in statute. Agencies must make good faith efforts to consult with the affected public before developing information collection requests. Then they must publish 60-day notices that give all of the public an opportunity to review their work and provide meaningful, informed comment. Agencies are obligated to take these comments into account as they prepare an information collection request for submission to OMB.

The USPTO complies with only the most minimal of these statutory duties. It does not consult with the affected public before developing draft information collection requests, notwithstanding boilerplate claims otherwise in ICR Supporting Statements. It publishes 60-day notices that are usually indecipherable, even to reviewers who are experienced in paperwork review. This deters public comment

[71] See, e.g., Belzer (2008a, 2008b).

[72] E-Government Act of 2002, Pub.L. 107-347 (Dec. 17, 2002), § 206(d), codified in notes to 44 U.S.C. § 3501.

generally, but as the record for this information collection request shows, not completely. Nonetheless, the Patent Office largely ignores the comments it receives. In its Supporting Statements, the Patent Office uses several different approaches to avoid being responsive. It recharacterizes some comments in ways the author never intended, and then responds to the recharacterized comment. It responds to other comments by non sequitur. And it ignores critical comments that cannot be dismissed in one of the preceding ways. On the rare occasion when the USPTO receives a supportive comment, this comment trumps all others.

The USPTO's unresponsiveness to public comments is easily illustrated. The table below shows how the USPTO's burden estimates for this ICR have evolved since 2008, by showing how the Patent Office has responded to the most elementary of comments—comments that dispute the Patent Office's burden estimates and provide alternative estimates based on actual experience. Despite multiple rounds of public comment, the USPTO's burden estimates are essentially unchanged. In 2009, the USPTO increased its estimated number of burden-hours for preparing an Appeal Brief from 30 to 34 hours; it now proposes to decrease it to 31.[73] The numbers of responses have changed little, except for a proposed 55% "administrative adjustment" proposed in this draft ICR revision. The Office' hourly rate for patent counsel time is unchanged.

USPTO Burden Estimates Related to BPAI Appeals Practice								
Information Collection	6/9/08 [a]	10/9/08 [b]	12/3/09 [c]	11/4/10 [d]	6/9/08 [a]	10/9/08 [b]	12/3/09 [c]	11/4/10 [d]
	Estimated Responses				Estimated Burden-hours			
Appeal Briefs	23,145	23,145	23,145	1,872 *24,869*	30	30	34	31 *31*
Petition for Extension of Time for Filing Paper After Brief	2,298	2,298	NA	NA	15	15	NA	NA
Petition to Increase Page Limit	1,315	1,315	NA	NA	15	15	NA	NA
Reply Briefs	4,947	4,947	4,947	536 *7,122*	5	5	5	5 *5*
Requests for Rehearing Before the BPAI	123	123	123	26 *352*	5	5	5	5

[73] This downward revision is the product of an unsupported assertion that the proposed changes "will result in a net average decrease of approximately 3 hours per appeal brief from the prior estimate." See U.S. Patent and Trademark Office (2010c, p. 10).

USPTO Burden Estimates Related to BPAI Appeals Practice								
Information Collection	6/9/08 [a]	10/9/08 [b]	12/3/09 [c]	11/4/10 [d]	6/9/08 [a]	10/9/08 [b]	12/3/09 [c]	11/4/10 [d]
	Estimated Responses				Estimated Burden-hours			
Amendment	--	--	--	19 *248*	--	--	--	2 *2*
Totals	31,828	31,828	28,215	35,044	--	--	--	

[a] U.S. Patent and Trademark Office (2008a).
[b] U.S. Patent and Trademark Office (2008a).
[c] U.S. Patent and Trademark Office (2008d). NA = Not Approved. Italics are electronic submissions.
[d] U.S. Patent and Trademark Office (2009). NA = Not Approved. Italics are electronic submissions.

B. The USPTO withholds from the public information that is crucial for its decision-making

Section VI above (and especially Subsection VI.E, which listed specific information quality defects in this ICR), scratches the surface of the vast array of crucial information the USPTO routinely withholds from the public. This has made fully informed public comment on the USPTO's information collection requests an impossible task. By withholding crucial information, the USPTO violates both the spirit and the letter of the Paperwork Reduction Act.

The USPTO withholds other information that arguably constitutes a more egregious error. Each time the Patent Office proposes to make changes in regulation, guidance, or paperwork, policy analysis of some sort must have been conducted to inform the development of the proposal. However, the USPTO never reveals these policy analyses to the public. At best, the USPTO reveals only their conclusions.

This conduct likely violates the Administrative Procedure Act, which requires agencies to disclose a reasoned basis for their decisions. The USPTO has been fortunate that few of its regulatory actions have been challenged in Federal court, though the Patent Office has fared badly in the handful that have been challenged. It is also blessed that the Paperwork Reduction Act has no private right of action to contest agency nonfeasance and malfeasance. Under current law, OMB alone has the authority to decide how much nonfeasance and malfeasance to tolerate, and OMB has shown remarkable restraint by allowing the USPTO to perform at such an abysmal level for so long.

These advantages are fleeting. Over the past several years, the USPTO has sought to promulgate numerous regulations in order to "share the burden of examination" with its customers—i.e., shift as much as possible of its own costs to applicants in order to improve certain performance indicators such as patent pendency. These efforts have failed spectacularly, both in Federal court and in the astounding damage done to the Patent Office's relations with its customers. Future legal disasters can be avoided by refraining from trying to promulgate illegal regulations. Restoring good working relationships with customers, however,

requires major internal reforms to its administrative procedures. Foremost among the reforms needed is transparency.

C. Proposed actions often are grounded on inadequate policy analysis

A plausible reason why the USPTO refuses to disclose the data and models it relies upon to develop burden estimates, and the policy analyses it conducts to inform its administrative decision-making, is that the quality of policy analysis it conducts and relies upon may be so substandard that disclosure would only result in further embarrassment.

My reviews of USPTO regulatory and paperwork actions since 2007 lead me to believe that, in fact, the Office hardly ever conducts any significant policy analysis to inform its decision-making. USPTO actions suggest a very different model at work, one in which political officials and/or senior career managers decide based on intuition or ideology what changes they want to make, then direct rule-writers and paperwork burden consultants to figure out how best to justify them.

A simple remedy exists that would solve this problem, though it would require courage to implement. The Director should designate as economically significant all regulatory actions, changes in guidance, and internal memoranda with impacts on applicants. I've previously shown why virtually all such actions are likely to have impacts that exceed the $100 million threshold, just because of the scope of the Patent Office's activities.

This would trigger an administrative requirement—one that has been in place for 30 years, and with which other Federal agencies manage to comply—for the preparation of a Regulatory Impact Analysis (RIA) in support of each action. The purpose of performing an RIA is not to deter regulation; rather, it is to help guide the development of credible regulatory and nonregulatory alternatives offering net social benefits, and to inform agency heads concerning the likely impacts of alternatives so that an intelligent decision can be made.

Because the USPTO does not prepare RIAs, the Patent Office can make intelligent regulatory decisions only by chance. The available evidence I've seen since I began reviewing USPTO in 2007 is that the Patent Office does not have very good luck.

Attachment A:

Richard B. Belzer, Public Comment Letter to Mr. Nicholas A. Fraser, Desk Officer for the U.S. Patent and Trademark Office, Office of Information and Regulatory Affairs, Office of Management and Budget, RE ICR 0651-00xx (October 14,

2008) (downloadable from http://www.reginfo.gov/public/do/DownloadDocument?documentID=90554&version=1).

Attachment B:

Richard B. Belzer, Public Comment Letter to Mr. Nicholas A. Fraser, Desk Officer for the U.S. Patent and Trademark Office, Office of Information and Regulatory Affairs, Office of Management and Budget, RE: ICR 0651-00xx: ICs and Burden Estimates (November 17, 2008) (downloadable from http://www.reginfo.gov/public/do/DownloadDocument?documentID=93894&version=1).

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